

Memo

To: Program Elimination Commission

From: Department of Inspections and Appeals

Date: November 15, 2002

Re: Information Request – Welfare Fraud Prosecutions

This memo responds to the Program Elimination Commission's request for the number of welfare fraud prosecutions and convictions during the past three fiscal years.

By way of background, the Investigations Division of the Department of Inspections and Appeals investigates alleged fraud in state and federal public assistance programs. The major assistance programs involved are the Food Stamps Program, the Family Investment Program (FIP) (formerly the ADC Program), the Child Care Assistance Program, the Promise Jobs Program, a medical assistance program, and the Medicaid program.

Through a review of applications for public assistance for these programs, the Division can prevent the issuance of funds to ineligible individuals. When individuals receive public assistance through these programs that they are not eligible for, the Division initiates recovery actions to recoup the overpayments. These recovery actions can result in voluntary repayment agreements and civil judgments, both of which are used to obtain reimbursement of the overpayments. The Economic Fraud Unit and the Overpayment Recovery Unit of the Investigations Division conduct these activities.

When fraud is substantiated, these Units work with law enforcement officials on criminal prosecutions. Over the last three fiscal years, the following criminal prosecutions and convictions have resulted from the activities of these Units:

Fiscal 2000: 84 Criminal Prosecutions and 80 Convictions.

Fiscal 2001: 67 Criminal Prosecutions and 116 Convictions.

Fiscal 2002: 70 Criminal Prosecutions and 120 Convictions.

The number of prosecutions is based on the fiscal year the case was initiated. The number of convictions is based on the fiscal year the case was completed and the person(s) were sentenced. The reasons the number of convictions may be higher than the number of prosecutions is (1) The fiscal year the case was initiated may be different than the fiscal year the case was completed and (2) some cases involve more than one person resulting in multiple convictions.

However, the bulk of these Units' efforts are spent in preventing the issuance of public assistance to ineligible individuals (cost avoidance) and recovering public assistance benefits received by individuals who do not qualify for the type of benefits or the level of benefits.

In addition to these efforts, the Medicaid Fraud Control Unit (MFCU) of the Investigations Division investigates possible fraud in the administration of the Medicaid program and in the activities of providers of medical assistance under the Medicaid program. The MFCU is funded with 75% federal Medicaid funds, which are required to be used for staff dedicated 100% to Medicaid fraud activities. As with the previously described activities of the Economic Fraud Unit and Overpayment Recovery Unit, the emphasis of the MFCU is on investigating possible fraud and recovering overpayments, including penalties in some Medicaid situations. This Unit also investigates dependent adult abuse in certified health care facilities receiving Medicaid payments. In appropriate situations, the MFCU works with law enforcement officials on criminal prosecutions. Over the past three fiscal years, the following is a summary of the results of the MFCU's activities:

Fiscal Year 2000:	3 Criminal Case Prosecutions and 9 Convictions.
	Overpayments Identified: \$529,888.43
	Overpayments Collected: \$481,654.55
Fiscal Year 2001:	9 Criminal Case Prosecutions and 22 Convictions
	Overpayments Identified: \$374,248.60
	Overpayments Collected: \$232,134.36
Fiscal Year 2002:	3 Criminal Case Prosecutions and 19 Convictions.
	Overpayments Identified: \$604,197.63
	Overpayments Collected: \$415,315.95

As with the Economic Fraud Unit and Overpayment Recovery Unit, the number of prosecutions for the MFCU is based on the fiscal year the case was initiated. The number of convictions is based on the fiscal year the case was completed and the person(s) were sentenced. The reasons the number of convictions may be higher than the number of prosecutions is (1) The fiscal year the case was initiated may be different than the fiscal year the case was completed and (2) some cases involve more than one person resulting in multiple convictions.

If you have further questions regarding the activities of the Investigations Division, please contact Beverly Zylstra, Legislative Liaison, at 515-281-6442 or via e-mail at bzylstra@dia.state.ia.us.